

### ### Title

TLG International Continental Enterprising, Inc. vs. Hon. Delfin B. Flores

### ### Facts

TLG International Continental Enterprising, Inc. (petitioner) intervened in a declaratory relief action, Civil Case No. 14880, between Bearcon Trading Co., Inc. (plaintiff) and Juan Fabella et al. (defendants) as a sub-lessee wanting to protect its rights. The petitioner, being confused about who was entitled to receive rental payments, opted for consignment and deposited a total of P3,750.00 with the Clerk of Court as rental payments at various instances.

Following the filing of an “Omnibus Motion” by the defendants, which sought the dismissal of both the complaint and the Complaint in Intervention on the grounds that the subject matter could be more appropriately dealt with in an ongoing ejectment case (Civil Case No. 3979), the Court of First Instance of Rizal, under the Hon. Delfin B. Flores (respondent), dismissed both complaints on April 24, 1972.

Petitioner filed a motion on May 27, 1972, to withdraw the deposited sums after the dismissal, arguing that the dismissal left them without recourse but to recover the deposited amount. The respondent judge denied this motion on June 23, 1972, and upon reconsideration, the denial was reiterated on July 15, 1972, setting the stage for this petition for certiorari to the Supreme Court.

### ### Issues

The singular issue for determination was whether or not the respondent judge could authorize the withdrawal of the deposits considering that the court “has not ordered the intervenor to make any deposit in connection” with the case.

### ### Court’s Decision

The Supreme Court set aside the orders of the respondent, directing the grant of the withdrawal of the deposited amount. It clarified that in consignment cases, the depositor (in this case, the petitioner) is entitled to withdraw the deposited amount before its acceptance by the creditor or prior to judicial approval of such consignment, under Article 1260 of the New Civil Code. The dismissal of the case before acceptance of the consignment or a declaration approving such consignment rendered the consignment ineffectual, which should have allowed the withdrawal of the deposited sums by the petitioner. The Court found the respondent’s refusal to permit the withdrawal based on lack of authority

misplaced, considering the deposit was made following the Court's admission of the Complaint in Intervention and duly received by the Clerk of Court.

### ### Doctrine

This case illustrates the principle that in cases of consignation, the depositor has the right to withdraw the consigned amount before its acceptance by the creditor or judicial approval of the consignation, especially if the consignation becomes ineffectual, such as through the dismissal of the related case.

### ### Class Notes

- **Consignation Cases:** In these cases, a debtor may withdraw consigned money before either creditor's acceptance or judicial approval according to Article 1260 of the New Civil Code.
- **Dismissal's Impact on Consignation:** Dismissal of the case associated with the consignation without resolving the consignation's validity makes the consignation ineffectual, allowing the return of the deposited funds to the depositor.
- **Judicial Deposits:** Deposits made pursuant to judicial proceedings are under the control and jurisdiction of the court, which has the authority to order their restitution when circumstances warrant it.
- **Legal Authority for Deposits:** Depositors making consignation payments in compliance with court procedures retain a right to those deposits until legally adjudicated otherwise.

### ### Historical Background

The background of this case is rooted in the complexities of lease agreements and the judicial processes associated with consignation—where uncertainty regarding the rightful recipient of payment propels a party to deposit the payment with the court. The Supreme Court's resolution of this case provides clarity on procedural aspects of consignation under Philippine law, affirming the rights of depositors to reclaim consigned amounts under specific conditions, thereby contributing to the broader legal discourse on the interplay between consignation, judicial authority, and property rights.